

LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.5 Local Service Term Plan (Cont'd)

For customers that have enrolled in a networkMCI One long distance term plan or special customer arrangement offered by MCI Telecommunications Corporation, the customer's term length may be coterminous with the networkMCI One or special customer arrangement term of service. Accordingly, the customer's actual term may be of a shorter duration than the term commitment selected above. If the customer selects a term commitment greater than the term of service of the networkMCI One or special customer arrangement, the cotermmination provision shall not apply.

For those customers who subscribe to a networkMCI One term plan or special customer arrangement, the early termination charges associated with that term plan or special customer arrangement will apply in lieu of the charges specified above. In addition, customers will be required to repay any credits received as a result of enrolling in the term plan.

Issued:

Julie L. Davis

Effective:

Tariff Manager

780 Johnson Ferry Road, Suite 700

Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.2 Directory Assistance

A Customer may obtain Directory Assistance in determining telephone numbers within its local calling area by calling the Directory Assistance operator.

3.2.1 Each call to Directory Assistance will be charged as follows:

Per Call

\$x.xx

The Customer may request a maximum of two telephone numbers per call to Directory Assistance service.

3.2.2 A credit will be given for calls to Directory Assistance as follows:

- The Customer experiences poor transmission or is cut-off during the call; or
- The Customer is given an incorrect telephone number.

To obtain such a credit, the Customer must notify its Customer Service representative.

Issued:

Julie L. Davis Effective:
Tariff Manager
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.3 Operator Assistance

A Customer may obtain the assistance of a local operator to complete local exchange telephone calls in the following manner. In addition to the rates specified in Section 3.1, surcharges as specified in Section 3.3.1 will apply:

Third Number Billing: Provides the Customer with the capability to charge a local call to a third number which is different from the called or calling party. The party answering at the third number has the option to refuse acceptance of the charges in advance or when queried by the operator.

Collect Calls: Provides the Customer with the capability to charge a call to the called party. On the operator announcement of a collect call, the called party has the option to refuse acceptance of charges in advance or when queried by the operator.

Calling Cards: Provides the Customer with the capability to place a call using a calling card of an Interexchange Carrier with or without the assistance of an operator.

Person to Person: Calls completed with the assistance of an operator to a particular Station and person specified by the caller. The call may be billed to the called party.

Station to Station: Calls complete with the assistance of an operator to a particular Station. The call may be billed to the called party.

General Assistance: The Customer has the option to request general information from the operator, such as dialing instructions, country or city codes, area code information and Customer Service 800 telephone numbers, but does not request the operator to complete the call.

Issued:

Julie L. Davis

Effective:

Tariff Manager

780 Johnson Ferry Road, Suite 700

Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.3 Operator Assistance (Cont'd)

3.3.1 Operator Assisted Surcharges: The following surcharges will be applied on a per call basis.

Third Number Billing	\$x.xx
Collect Calling	\$x.xx
Person to Person	\$x.xx
Station to Station	\$x.xx
General Assistance	N/C

3.3.2 Busy Line Verification and Interrupt Service: Busy Line Verification and Interrupt Service, which is furnished where and to the extent that facilities permit, provides the Customer with the following options:

3.3.2.1 Busy Line Verification: Upon request of the calling party, the Company will determine if the line is clear or in use and report to the calling party.

3.3.2.2 Busy Line Verification with Interrupt: The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

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Tariff Manager

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LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.3 Operator Assistance (Cont'd)

3.3.2 Busy Line Verification and Interrupt Service (Cont.):

3.3.2.3 Rates: Rates for Busy Line Verification and Interrupt Service, as specified below, will apply under the following circumstances:

3.3.2.3.1 The operator verifies that the line is busy with a call in progress.

3.3.2.3.2 The operator verifies that the line is available for incoming calls.

3.3.2.3.3 The operator verifies that the called number is busy with a call in progress and the Customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption.

Per Request

Busy Line Verification	\$x.xx
Busy Line Interrupt	\$x.xx

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Julie L. Davis Effective:
Tariff Manager
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.4 Directory Listings

The Company shall provide for a single directory listing, termed the primary listing, in the telephone directory published by the dominant exchange service provider in the Customer's exchange area of the Station number which is designated as the Customer's main billing number. Directory listings of additional Company Station numbers, other than the Customer's main billing number, associated with a Customer's service will be provided for a monthly recurring charge per listing.

3.4.1 The Company reserves the right to limit the length of any listing in the directory by the use of abbreviations when, in its judgment, the clearness of the listing or the identification of the Customer is not impaired thereby. Where more than one line is required to properly list the Customer, no additional charge is made.

3.4.2 The Company may refuse a listing which is known not to constitute a legally authorized or adopted name, obscenities in the name, or any listing which, in the opinion of the Company, is likely to mislead or deceive calling persons as to the identity of the listed party, or is a contrived name used for advertising purposes or to secure a preferential position in the directory or is more elaborate than is reasonably necessary to identify the listed party. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.

3.4.3 Each listing must be designated Government or Business to be placed in the appropriate section of the directory. In order to aid the user of the directory, and to avoid misleading or deceiving the calling party as to the identity of the listed party, only business listings may be placed in the Business Section and only residential listings in the Residential section. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.

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LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.4 Directory Listings (Cont'd)

3.4.4 In order for listings to appear in an upcoming directory, the Customer must furnish the listing to the Company in time to meet the directory publishing schedule.

3.4.5 Directory listings are provided in connection with each Customer service as specified herein.

3.4.5.1 Primary Listing: A primary listing contains the name of the Customer, or the name under which a business is regularly conducted, as well as the address and telephone number of the Customer. This listing is provided at no additional charge.

3.4.5.2 Additional Listings: In connection with business service, additional listings are available only in the names of Authorized Users of the Customer's service, as defined herein. Rates for additional listings are specified in Section 3.4.5.9 and 3.4.5.10.

3.4.5.3 Nonpublished Listings: Listings that are not printed in directories nor available from Directory Assistance.

A Nonpublished Telephone Service will be furnished, at the Customer's request providing for the omission or deletion of the Customer's telephone listing from the telephone directory and, in addition, the Customer's telephone listing will be omitted or deleted from the directory assistance records, subject to the provisions set forth in Section 2.1.4. Rates for Nonpublished Listings are specified in Section 3.4.5.9 and 3.4.5.10

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Tariff Manager

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Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.4 Directory Listings (Cont'd)

- 3.4.5.4 Nonlisted Numbers: A Nonlisted number will be furnished at the Customer's request, providing for the omission or deletion of the Customer's listing from the telephone directory. Such listings will be carried in the Company's directory assistance and other records and will be given to any calling party. Rates for Nonlisted Listings are specified in Section 3.4.5.9 and 3.4.5.10.
- 3.4.5.5 Foreign Listings: Where available, a listing in a phone directory which is not in the Customer's immediate calling area. The Customer will be charged the rates specified in the tariff published by the specific exchange carrier providing the Foreign Listing.
- 3.4.5.6 Alternate Call Listings: Where available, a listing which references a telephone number which is not the primary listing for the Customer. The Customer must provide written verification that the alternate telephone number is authorized to accept calls. Rates for alternate call listings are specified in Section 3.4.5.10.
- 3.4.5.7 Information Listings: Where available, additional lines of information which may be included with a primary, additional or reference listings. Rates for information listings are specified in Section 3.4.5.9 and 3.4.5.10.
- 3.4.5.8 Reference Listing: A listing including additional telephone numbers of the same or another Customer to be called in the event there is no answer from the Customer's telephone. Charges for reference listings are specified in Section 3.4.5.9 and 3.4.5.10.

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Julie L. Davis

Effective:

Tariff Manager

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Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.4 Directory Listings (Cont'd)

3.4.5.9 Non-Recurring Charges: Non-Recurring charges associated with Directory Listings are as follows:

	<u>Per Listing or Per Number Charge</u>
Primary Listing	N/C
Additional Listing	\$x.xx
Non-Listed Number	\$x.xx
Non-Published Number	\$x.xx

3.4.5.10 Recurring Charges: Monthly Recurring Charges associated with Directory Listings are as follows:

	<u>Per Listing or Per Number Charge</u>
Primary Listing	N/C
Additional Listing	\$x.xx
Alternate Call Listing	\$x.xx
Non-Listed Number	\$x.xx
Non-Published Number	\$x.xx

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Tariff Manager

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Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

3. Service Descriptions (Cont'd)

3.5 Emergency Services (Enhanced 911) : Allows Customers to reach appropriate emergency services including police, fire and medical services. Enhanced 911 has the ability to selectively route an emergency call to the primary E911 provider so that it reaches the correct emergency service located closest to the caller. In addition, the Customer's address and telephone information will be provided to the primary E911 provider for display at the Public Service Answering Point (PSAP).

3.6 Vanity Telephone Numbers: At the request of the Customer, the Company may assign a telephone number with the last four digits selected by the Customer. The assignment is subject to availability of a particular number and subject to the terms and conditions set forth in Section 2.1.3. The following charges will apply for Vanity Telephone Numbers:

Non-Recurring
(per number)

\$x.xx

Monthly Recurring
(per number)

\$x.xx

3.7 Telecommunications Relay Service (TRS): Enables deaf, hard-of-hearing or speech-impaired persons who use a Text Telephone (TT) or similar devices to communicate freely with the hearing population not using TT and visa versa. A Customer will be able to access the state provider to complete such calls.

3.8 Presubscription: PIC-2 allows customers to presubscribe to their carrier of choice for intraLATA toll calls, without dialing the Access Code. The following charge applies each time the customer requests a change to their intraLATA PIC. This charge applies per line or per trunk for each Local Line or Local Trunk PIC change requested, subsequent to the initial designation:

PIC-2 Change \$x.xx
(per line or per trunk)

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Julie L. Davis Effective:
Tariff Manager
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

4. Promotional Offerings

4.1 Promotional Offerings: The Company, from time to time, may make promotional offerings of its services which may include waiving or reducing the applicable charges for the promoted service. The promotional offerings may be limited as to the duration, the date and times of the offerings and the locations where the offerings are made.

4.2 Customer Assurance Promotion

Beginning on the effective date of this tariff through x/x/97, MCImetro will offer the following promotion to all new and existing facilities based MCImetro business customers. During the customers first 6 months of service, if the customer is dis-satisfied for any reason MCImetro will provide the customer a credit equal to the customers monthly charges. If the customer requests the credit two times in the first six months, MCImetro, at the customers request, will pay the customer the current non-recurring installation charges less any promotions to re-install the same number of lines and trunks that the customer has with MCImetro on their previous Local Exchange carrier. The customer must install the same service and same Local Exchange Carrier they used prior to installing MCImetro services. If the customer signed a term plan and elected to return to their previous carrier during the first six months of service, the customer can cancel the term without liability. During the customers seventh month through twelfth month, if the customer is dis-satisfied for any reason, MCImetro will provide the customer a credit equal to the customers monthly charges. The customer is only eligible to receive the credit in any two months during the first six months of service and any two months between the seventh and twelfth months. Any one credit cannot exceed \$5,000 per location.

Issued:

Julie L. Davis Effective:
Tariff Manager

780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

4. Promotional Offerings

4.3 Local Service Exchange Install Waiver Promotion

Beginning on the effective date of this tariff and ending x/x/97, the Company will offer the following promotion to all new Local Exchange Service Customers who order service during the promotional period. All installation charges listed below will be waived for the Customer's first year of service:

Account Set-up
Account Changes (Including Moves, Changes, Additions, and Billing
Record Changes)
Line Connection Charges (Local Line, Local Trunk-Basic, Local
Trunk-DID, and 2 Way Direct)
Direct Inward Dialing (DID) Installation Telephone Number Charges
DID Non-Recurring Installation Charges
Vanity Number Non-Recurring Charges

Issued:

Julie L. Davis

Effective:

Tariff Manager

780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

4. Promotional Offerings (Cont.)

4.4 ILNP Promotion

Beginning on the effective date of this tariff and ending x/x/97, MCImetro will waive the Interim Local Number Portability via Remote Call Forwarding Monthly Recurring Charge for Local Lines, Local Trunks - Basic, Local Trunks -DID and 2 Way Direct.

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Julie L. Davis Effective:
Tariff Manager
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

4. Promotional Offerings (Cont.)

4.5 MCImetro Local Services Investor Promotion - Newark

Beginning upon the initial filing of this tariff and ending when service becomes available as defined herein, MCImetro will offer the following promotion to new customers of non-resold exchange service that agree to become customers of MCImetro Local Service when local exchange service becomes Service Available in the customer's local calling area. Customers enrolled in this promotion are eligible to receive the benefits described below.

Enrolled customers who designate an annual volume commitment will receive the following credits in each month following the customer's enrollment in this promotion and the date when MCImetro's non-resold exchange service becomes available in the customer's exchange service area, based on the customer's term of service and annual volume commitment. Annual volume commitments are available in the following amounts: \$6,000, \$12,000, \$24,000, \$36,000, \$48,000, \$60,000, \$84,000, \$96,000, \$120,000, \$180,000, \$240,000, \$300,000, \$360,000, \$420,000, or \$480,000. The customer's annual volume commitment will be calculated on the following charges: recurring Local Trunk - Basic charges, recurring Local Trunk - DID and 2 Way Direct charges, recurring Local Trunk - Digital Interface charges, DID number charges, and usage charges.

<u>Annual Volume Commitment</u>	<u>Term of Service</u>		
	<u>One Year</u>	<u>Two Years</u>	<u>Three Years</u>
\$ 6,000	\$ 50	\$ 75	\$ 100
12,000	100	150	200
24,000	200	300	400
36,000	300	450	600
48,000	400	600	800
60,000	500	750	1,000
84,000	700	1,050	1,400
96,000	800	1,200	1,600
120,000	1,000	1,500	2,000
180,000	1,500	2,250	3,000
240,000	2,000	3,000	4,000
300,000	2,500	3,750	5,000
360,000	3,000	4,500	6,000
420,000	3,500	5,250	7,000
480,000	4,000	6,000	8,000

Issued:

Julie L. Davis Effective:

Tariff Manager

780 Johnson Ferry Road, Suite 700

Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

4. Promotional Offerings (Cont.)

4.5 MCImetro Local Services Investor Promotion - Newark (Cont.)

Enrolled customers who do not designate an annual volume commitment will receive credits based on the customer's location and term commitment. the customer's credit amount will be based on the number of Local Access Channels (Local Lines, Local Trunks - Basic, and/or Local Trunks - DID) and DID Number. Charges ordered by the customer and on the exchange service area in which the customer orders service multiplied by 10% for customer committing to a one-year term 15% for a two-year term, and 20% for a three-year term.

<u>Exchange Service Area</u>	Credit Per Local Access Channel			<u>DID Number/ 2 Way Direct Charge (per 20)</u>
	<u>Local Line</u>	<u>Local Trunk - Basic</u>	<u>Local Trunk DID</u>	

Customers enrolled in either option will receive one credit for each month from the customer's enrollment date in this promotion and the date when the non-resold exchange service becomes available in the customer's exchange service area with a limit of 12 such credits. Customers whose service is billed on a local service-only invoice, will receive a coupon for their credit which they must remit with their invoice in order to receive the invoice credit. This coupon will be valid for 12 months beginning with the customer's local service start date. All other customers will receive an invoice credit once to be applied to the customer's invoice within 60-days from the commencement of customer's exchange service. Credit balances will carry over to invoices in subsequent months until depleted. The term of service will commence when the customer's service is installed.

The term will commence no earlier than the first full billing month in which MCImetro Local Services are available in the customer's market. The customer's Annual Volume Commitment will be based upon the following Eligible Volume charges: recurring Local Line charges, recurring Local Trunk - Basic charges, recurring Local Trunk - DID charges, recurring Local Trunk - Digital Interface charges, usage charges, EUCL charges, and monthly recurring DID number charges. The customer will be required at the time of enrollment in this promotions to enroll for service.

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Julie L. Davis Effective:
Tariff Manager

780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

4. Promotional Offerings (Cont.)

4.5 MCImetro Local Services Investor Promotion - Newark (Cont.)

The customer will receive a credit for the following charges: Account Set-up, Account Changes (including Moves, Changes, Additions and Billing Record Changes), Line Connection Charges (Local Line, Local Trunk - Basic and Local Trunk - DID), Line Restoral Charges, DID Number Installation and Number charges, Vanity Number Installation, Voice Mail Installation, Call Assistant Installation, and Channelization Connection.

The customer will receive monthly discounts based on their commitment term. The customer will receive the following discounts on recurring Local Line charges, recurring Local Trunk - Basic charges, recurring Local Trunk - DID charges, recurring Local Trunk - Digital Interface charges, usage charges, EUCL charges, and monthly recurring DID number charges. These discounts will be in lieu of all other discounts and promotions, excluding installation waivers and discounts offered as part of this promotion.

<u>Term Commitment</u>	<u>Discount</u>
1 year	10%
2 years	15%
3 years	20%

Lastly, the customer will have the following charges waived in the last month of each term year: Monthly recurring line charges, monthly recurring trunk charges, line usage charges, trunk usage charges, EUCL charges, and monthly recurring DID number charges. The credit will be based on the 12th, 24th, and 36th month of service and will be applied to the 13th, 25th, and 37th month's invoice.

Additionally, for customers who are committed to a 2-year or 3-year term plan, after one year of local exchange service, MCI will waive applicable install charges for any new lines or trunks ordered by the customer.

An area will become Service Available when the service has become commercially available, when MCImetro has received all regulatory approvals and when all required price lists have been filed.

Issued:

Julie L. Davis
Tariff Manager

Effective:

780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

4. Promotional Offerings (Cont.)

4.5 MCImetro Local Services Investor Promotion - Newark (Cont.)

If the customer selected an Annual Volume Commitment and if, at the end of any year of the term, a customer has not met the annual volume commitment, the customer must pay the difference between its actual volume and its Annual Volume Commitment.

If the customer discontinues all of its Local Services furnished under this promotion prior to the expiration of the committed term the customer will be billed and required to pay an early termination charge. The early termination charge for customers that selected an Annual Volume Commitment will equal the current year's underutilization charges plus a percentage of the annual volume commitment for each year of the term remaining unfulfilled based on the chart below. For customers who have not chosen an Annual Volume Commitment the early termination charge will equal the customer's highest billed charges during the term multiplied by the number of months that are remaining in the term.

<u>Months of Service</u>	<u>Length of Term Commitment</u>		
	<u>1 Year</u>	<u>2 Years</u>	<u>3 Years</u>
0 - 6	100%	100%	100%
7 - 9	50%	100%	100%
10 - 12	10%	100%	100%
13 - 15		50%	100%
16 - 18		25%	100%
19 - 21		25%	50%
22 - 24		10%	50%
25 - 27			50%
28 - 33			25%
34 - 36			10%

Any customer who cancels its Investor Term Plan prior to its expiration will be required to repay any promotional credit that it received contingent upon enrolling in this promotion, in addition, to other applicable early termination charges noted above.

Issued:

Julie L. Davis
Tariff Manager

Effective:

780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342

LOCAL EXCHANGE SERVICE

5. Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service not generally offered under this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

Issued:

Julie L. Davis

Effective:

Tariff Manager

780 Johnson Ferry Road, Suite 700

Atlanta, GA 30342

MCImetro ACCESS TRANSMISSION
SERVICES, INC.

LOCAL EXCHANGE SERVICE

PRICE LIST

Prices for services and facilities set forth in the Company's SC PSC Tariff No.
2 will be competitive with those of BellSouth Telecommunications, Inc.

WITHIN SOUTH CAROLINA

Issued:

Effective:

Julie L. Davis
Manager, Rates and Tariffs
MCImetro Access Transmission Services, Inc.
780 Johnson Ferry Road, Suite 700, Atlanta, GA 30342

EXHIBIT "C"

KEY MCIMETRO OFFICERS AND EMPLOYEES AND THEIR BACKGROUNDS

=====

Nate A. Davis - President of MCImetro and Senior Vice President for Local Markets, MCI Communications Corporation. Mr. Davis is responsible for all domestic field operations network management and network operations strategic resources.

Mr. Davis, who has been with MCI since 1982, previously served as Senior Vice President of access services, and was responsible for leading the company's efforts to provide better local connections for its long distance services, as well as to reduce the charges paid to local telephone companies. He has been instrumental in orchestrating the first trials in which MCI and cable television systems provide consumers with a competitive alternative for local telephone service. He also has served as Senior Vice President of Corporate Finance, Vice President of Systems Engineering, Vice President of Financial Operations and Director of Network Engineering.

Before joining MCI, Mr. Davis was with AT&T, where he held management positions in network engineering, transmission engineering and data systems development.

Mr. Davis holds a bachelor of engineering degree from Stevens Institute of Technology, a master of science degree in computer sciences from the University of Pennsylvania and a MBA degree from the Wharton School of Business.

John G. Quinn - Vice President, Treasurer and Chief Financial Officer of MCImetro. Mr. Quinn has thirteen years' experience in the telecommunications industry. Prior to joining MCImetro at its inception in 1990, Mr. Quinn held numerous finance-related positions with MCIT at its corporate headquarters in Washington, D.C., its Southeast Division headquarters in Atlanta, Georgia, and its engineering facility in Richardson, Texas.

Mr. Quinn joined MCIT in 1980 following three years in the commercial banking industry. Mr. Quinn holds a Bachelor's degree in Economics from the University of Maryland, which included concentration in Business Administration. He is pursuing a graduate degree in Finance, having taken courses from the University of Maryland and the University of Texas.

Cari Sanborn - Vice President of MCImetro and Vice President for Local Service Development, MCI Communications Corporation. Cari Sanborn has been with MCI since 1983. Since joining MCI she has held management positions in Network and Systems Engineering, Switch Systems Engineering and Consumer Markets. Cari is currently responsible for Network Engineering, Switch Systems Engineering and Information Systems Development within MCImetro. She holds an undergraduate degree in Electrical Engineering and a MBA degree Finance & Investments.

March 31, 1995

VIA ELECTRONIC SUBMISSION

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549

RE: MCI Communications Corporation
Annual Report on Form 10-K for the Year Ended December 31,
1994

To Whom It May Concern:

Pursuant to the filing requirements of the Securities Exchange Act of 1934, MCI Communications Corporation files, via electronic transmission, with the Securities and Exchange Commission its Annual Report (the "Annual Report") on Form 10-K for the year ended December 31, 1994 with all exhibits and financial statement schedules required to be filed therewith. In regard to the financial statements incorporated by reference into the Annual Report and filed as Exhibit 13 to the Annual Report, there has been no change from the preceding year in any accounting principles or practices, or in the method of applying any such principles or practices.

Should you have any questions concerning this filing, please contact me directly at (703) 414-9090.

Regards,

/s/Bradley E. Sparks

Bradley E. Sparks
Vice President and Controller

AS FILED ELECTRONICALLY WITH THE SEC ON MARCH 31, 1995

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 1994

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-6457

MCI COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

52-0886267

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1801 Pennsylvania Avenue, N.W.
Washington, D.C.

20006

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (202) 872-1600

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, \$.10 par value per share

(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒

No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the voting stock of registrant, which includes the Common Stock and Class A Common Stock, held by non-affiliates was \$13,231,987,646 at February 17, 1995, based upon the closing price of the Common Stock on that date.

As of February 17, 1995, registrant had outstanding 544,745,597 shares of Common Stock and 135,998,932 shares of Class A Common Stock.

Documents Incorporated by Reference:

Portions of the Annual Report to Stockholders for the year ended December 31, 1994 - Part II

Portions of the Proxy Statement For the 1995 Annual Meeting of Stockholders - Part III

PART I

Item 1. Business

GENERAL

MCI* is the second largest nationwide carrier of long-distance telecommunications services and the third largest carrier of international long-distance telecommunications services in the world. MCI provides a wide spectrum of domestic and international voice and data services, which include long-distance telephone services, data communications services and electronic messaging services. During each of the last three years, more than 90% of MCI's operating revenues, operating income and assets related to MCI's activities in the long-distance telecommunications industry.

At December 31, 1994, MCI had approximately 41,000 full-time employees.

SERVICES

MCI provides a wide range of long-distance telecommunications services, including the following: dial 1 access and dial access long-distance telephone service; voice and data services over software-defined virtual private networks; private line and switched access services; collect calling, operator assistance and calling card services; toll free or 800 services; and 900 services. The company offers these services individually and in combinations to meet the changing needs of its customers. Through combined offerings, MCI is able to provide customers with benefits such as single billing, unified services for multi-location companies and customized calling plans.

*MCI conducts its business primarily through its subsidiaries. Unless the context otherwise requires, "MCI" or "company" means MCI Communications Corporation, a Delaware corporation organized in August 1968, and its subsidiaries on a consolidated basis. MCI is a registered service mark of MCI Communications Corporation. MCI has its principal executive offices at 1801 Pennsylvania Avenue, N.W., Washington, D.C. 20006 (telephone number (202) 872-1600).

MCI markets its domestic and international voice and data communications services through several business units. MCI's Communication Services Group markets domestic and international long-distance telecommunications services to business, government and residential customers through its Business Markets and Consumer Markets Units. Domestic data communications and electronic messaging services are marketed through MCI's Data Services Division which is a part of the Business Markets Unit. International data communications and electronic messaging services are marketed through MCI International, Inc., a wholly-owned subsidiary of MCI. To a lesser extent, MCI also markets its voice and data communications services domestically and internationally through arrangements with third parties.

SYSTEM

Domestic long-distance services are provided primarily over MCI's own coast-to-coast optical fiber and terrestrial digital microwave communications system and, to a lesser extent, over transmission facilities leased from other common carriers utilizing MCI's digital switches. International communications services are provided by way of submarine cable systems in which MCI holds investment positions, satellites and facilities of other domestic and foreign carriers.

MCI continues to expand its digital transmission and switching facilities and capabilities to meet the requirements of its customers for additional and enhanced domestic and international services, to add redundancy to its network and to enhance network intelligence. This expansion includes the continued deployment in its network of Synchronous Optical Network ("SONET") and Asynchronous Transfer Mode ("ATM") technologies.

SONET technology, which uses laser light instead of electrical signals, will substantially increase the speed at which data is carried on MCI's network allowing MCI to provide high-speed multimedia applications and information services throughout its domestic network and on new international routes across the Atlantic and Pacific. In addition, it allows MCI to install customer circuits faster and identify network problems before customers become aware of them. SONET technology is currently operational on the domestic network and is anticipated to be operational on international routes by year end 1995.

ATM technology, a state-of-the-art switching technology that facilitates the provision of a wide range of data communications services, will increase MCI's network switching capabilities and permit MCI's customers to transmit simultaneously voice, data and video communications over the same line. ATM will be offered

commercially in 1995 on a substantial portion of MCI's network and will be fully deployed in 1996.

These network initiatives and continued expansion of the network require a high level of capital expenditures. In 1995, MCI anticipates that capital expenditures of approximately \$3 billion will be required in connection with the introduction of new services and the continued development of its communications system. Included in this amount is approximately \$500 million for its subsidiary, MCI Metro, Inc. ("MCImetro"), which will serve the local services market. See "LOCAL ACCESS" below. Capital expenditures were approximately \$2.9 billion in 1994, \$1.7 billion in 1993 and \$1.3 billion in 1992.

LOCAL ACCESS

MCI provides customers that typically have very large volumes of communications with direct access to its long-distance network. All other customers are provided access to MCI's services through local interconnection facilities provided by local exchange carriers ("LECs") and, to a much lesser extent, by competitive access providers ("CAPs").

The cost to obtain these interconnection facilities from the LECs and CAPs is a significant component of MCI's operating expenditures. These facilities are typically available only from the LEC which serves the geographic market for local services, including interconnection services. However, as a result of regulatory developments at both the federal and state levels, the local services markets are beginning to open up to competition. These developments include the partial unbundling of special and switched access services and requiring the LECs to provide interconnection outside their switching facilities to allow the CAPs to provide interstate access. See "COMPETITION and REGULATION" below. MCI expects to benefit from this competition through lower access costs, although the extent of such benefit cannot be quantified.

MCImetro

MCI established MCImetro to enter the local services market and compete with the LECs and CAPs, initially in special access services and then, when permitted by local regulation, all local services. MCImetro has (i) filed applications in eleven states for the authority to offer a full range of local services, five of which (New York, Maryland, Massachusetts, Washington and Wisconsin) have granted such authority to date; and (ii) begun construction of fiber-optic rings in twenty major metropolitan areas to be completed by year end 1995. In addition, MCImetro is currently installing and testing switches in several metropolitan areas in